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Multidisciplinary Regional Advisory Group

**Report of the EMRAG Mission to Yaounde MULPOC
Cameroun**

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**Summary and conclusion of the report of ECA-MRAG mission
to Yaounde MULPOC 25-27 March 1991**

The ECA Multidisciplinary Regional Advisory Group attended 25-27 March 1991, the biennial meeting of the Intergovernmental Committee of Experts of the Yaounde MULPOC subregion covering the seven States Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, and Sao Tome and Principe. The purposes of the mission were threefold:

- (i) to inform member States, intergovernmental organizations, agencies of the United Nations system and other institutions in the subregion, through their designated participants at the meeting, about the recent formation of the Group, its *raison d'être*, and on procedures for requesting and obtaining advisory services;
- (ii) to gain through the discussions of the meeting and consultations with individual participants a first hand appreciation of perceived priority problems of development in the subregion;
- (iii) to identify in collaboration with the MULPOC secretariat a tentative first set of advisory services in which the Group would address priority problems of development in the subregion at national and at subregional levels.

Economic and social conditions in the subregion in 1990

The comprehensive study of economic and social conditions in 1990 presented to the meeting by the MULPOC secretariat details the main features of weak economies and the deepening economic crisis in the subregion. The study indicates that the subregion experienced a strong resurgence of poverty, a widening of income disparities and continuation of the decline at 1.7 percent per year, of income per capita. Investment levels had sunk from 24.5 percent of GDP in the 1970's to 15.5 percent, a level barely adequate to compensate for depreciation and shrinkage of external capital flows to the region.

A combination of exogenous and endogenous factors were inducing the economic crisis. These include persisting low international prices for the region's major export commodities namely cacao, coffee, cotton, and minerals including petroleum (the prices of which had soared briefly due to the Gulf crisis), continued deterioration of terms of trade, the growth of external debts, the sharp drop in the value of the US dollars and a substantial contraction of financial flows to developing countries. The main endogenous factors were gross inadequacy of public sector resources for macro-economic development needs and chronic deficits in public sector enterprises.

Faced with persistence of decay of national economies, governments continued efforts to reorient development through rationalisation of resources mobilisation and structural adjustment programmes. These efforts appear to have slowed in most of the subregion's countries, deterioration of the current account deficit as a ratio of GNP. Drastic reduction of imports, one of the measures adopted to this end, has however also reduced government customs revenues and this has aggravated the budgetary imbalance.

The SAP that are being pursued to promote macro-economic equilibrium entail heavy social costs because the programmes aim to bring supply into balance with demand by indiscriminate suppression of consumption. Furthermore, due to price changes, investible resources available for job creation are meagre and this aggravates social hardship and triggers political unrest.

In these circumstances, the conviction is now emerging that growth with development crucially depends on economic transformation and must be pursued within a framework of subregional economic cooperation and integration as spelt out in the LPA and in AAF-SAP.

Major problems in key economic sector

In the agriculture sector food production remains sufficient for food security in the subregion as a whole. But urban diet change trends towards imported foodstuffs (e.g. wheat)

are likely to discourage production of traditional staples and thereby to induce import-dependence that eventually would threaten present food security and sufficiency in the subregion. The rural exodus due to accelerated impoverishment of the country side could lead to the rate of growth of food output falling below that of population increase. This would at the very least induce severe inflationary pressures on food policies. Agricultural commodity exports of the subregion continued to earn substantial foreign exchange even though production volumes have declined as international prices of cacao, coffee and cotton deteriorate persistently.

Increased oil output in Congo and Gabon have benefitted the extractive industries, but outputs of manganese, uranium and uncut diamonds have diminished somewhat.

Low capacity utilization factors in most industrial manufacturing establishments have militated against capture of potential benefits of economies of scale. The industrial work force has contracted appreciably due to the continuing economic crises and growing competition from informal sector industry. Both electricity consumption and gross receipts of manufacturing industries have registered declines from previous years.

Energy demand and supply fell due to further slow down of industrial activity with energy sector enterprises experiencing substantial loss of revenues as a consequence.

In the transport sector, port activities were buoyed by oil output rises in Congo and Gabon. Rail transport developed positively as passenger and freight volumes increased. Greatly increased capital and operating costs in the railways however forced management to adopt drastic measures that were strongly opposed by the trade unions.

Inflation rates of between 1 to 15 percent adversely affected domestic trade within the countries. Throughout the subregion, contraband imports have surged strongly in all sectors. Legally operating business has suffered loss of business as a result and customs duty receipts have fallen significantly. Measures adopted to check contraband trade have failed to improve customs revenues but rather accentuated with delays and additional costs the penalties suffered by legally operating business.

Economic cooperation and integration in the subregion

In addition to the MULPOC, there are two intergovernmental organizations for economic cooperation and integration in the Central African subregion namely:

- (i) the Union Douaniere et Economique de l'Afrique Central (UDEAC) established in 1964 by six member States of the MULPOC except Sao Tome and Principe.
- (ii) the Economic Community of Central African States (ECCAS) established in 1983 by eleven member States including the MULPOC seven and Angola, Burundi, Rwanda and Zaire. The last three are also members of the Gisenyi MULPOC.

Both the UDEAC and ECCAS treaties aim at enhancing the pace of development through economic cooperation by equitable sharing among member States, of the benefits of liberalisation of trade among them, of common customs tariffs on external imports and of pursuit of coordinated industrial policies. The ECCAS treaty also envisages multinational industries based mainly on indigenous resource endowments for subregional sufficiency and collective self-reliance.

But a glaring gap persists between treaty provisions and their implementation by member States to-date. A fundamental cause for this low implementation rate is judged to be the predictable conflict member States perceive between the national interest in the short-term and the enhanced benefits to be reaped in the medium to long term, from consistently abiding by treaty provisions. The disparities in the impacts of structural adjustment programmes in individual States of the subregion has accentuated the conflict between subregional and national policies. Coordination between national policies also appears to be hindered by different levels of external debt.

Consequently, the aggregate volume of intra-community trade and its share in the total foreign trade of each member States has remained very low. Each States continues to protect its domestic production even by imposing duties and taxes on competing products originating in

other member States of the Community. The goal of a common industrialisation policy remains elusive due to the readiness of each member State to favour national industries even at the risk of imperilling the existence of the treaties. The lack of agreed criteria for equitable geographic distribution of multinational industries has emerged as the decisive obstacle to subregional cooperation in industry.

Rationalisation of the structure and functional relations of the two intergovernmental organisations is clearly needed. ECCAS should be entrusted with preparation of broad guidelines for subregional development. The guidelines would provide the basis for sectoral framework plans encompassing complementary and/or joint venture priority projects elaborated under the auspices of UDEAC as a multi-sectoral umbrella organisation collaborating with national sectoral institutions as relevant in each case.

Development prospects in 1991

Conflicting perceptions of heightened risks influencing decision making by various economic entities makes forecasting development prospects for 1991 a difficult exercise. The satisfaction of rising social expectations would in the short term, impose additional burdens on public finance and add to operating costs of enterprises, the profitability of which is in many cases already precarious. Steady and sustained economic growth in the subregion would depend on emergence of popular consensus on national policies of economic and social development, on rapid growth of investible resources, and on the possibility of financing the social costs of structural adjustment programmes.

Prospective EMRAG services in the Yaounde MULPOC subregion

The MULPOC meeting welcomed the ECA secretariat's initiative of recently reforming hitherto sectoral advisory services into a multi-disciplinary framework and also welcomed the six members of the multi-disciplinary advisory group present at the meeting. The meeting underlined the important challenge facing the group in devising pragmatic proposals for operationalizing the basic guidelines of the LPA and the AAF-SAP by overcoming existing

constraints of subregional and regional economic cooperation and integration. Representatives of the MULPOC member States were unanimous in the view that at the national level the advisory group could best assist in enhancing development in their countries with the preparation of specific bankable projects and in mobilisation of resources required for project implementation.

Through the discussions at the meeting and with MULPOC secretariat, the Group has identified the following as a first set of multi-disciplinary advisory services in which it could on request, provide multi-disciplinary advisory services to address priority problems of development at national and at subregional levels.

1. Harmonization of the responsibilities, functions and operations of the two subregional organizations ECCAS and UDEAC;
2. Elaboration of pragmatic strategies and programmes of subregional industry and of energy development based on:
 - 2.1 optimal utilisation of suitable specific natural resource endowments;
 - 2.2 equitable geographic distribution of programmes and projects;
 - 2.3 fair sharing of risks and benefits, in particular with respect to capture of economies of scale;
 - 2.4 the principle of optimum sustainable sufficiency and self-reliance in the satisfaction of essential needs of the subregion's population and in meeting development requisites.
3. The elaboration of:
 - 3.1 subregional agricultural policy for collective food security and sufficiency;
 - 3.2 policy on the liberalisation of trade in foodstuff within the subregion,
 - 3.3 concrete programmes and projects in subregional collaboration, production and distribution of agricultural inputs such as agricultural machinery and implements, fertilizers and other agro-chemicals.
4. Analysis of policy and managerial response-options to contemporary socio-economic problems endemic in the subregion in such areas as food and

agriculture, energy, environment, employment, crime, cross-border trade, national accounts and statistics etc.;

5. Analysis into pragmatic short term options for mitigation of adverse social and economic impacts of orthodox SAPs.
6. Elaboration of human resources development and capacity building strategies at national and subregional levels for sustainable rural and urban development in specific ecological zones.

INTRODUCTION

Mission purpose

The mission to the Yaounde MULPOC is the third in the series that the ECA Multidisciplinary Regional Advisory Group (EMRAG) undertook in succession to four of the ECA subregional MULPOCs 12 March to 3 April 1991 for the following purposes:

1. to brief the 1991 biennial meetings of the Intergovernmental Committee of Experts of each of the Multinational Programming and Operational Centres (MULPOC) about the formation of the Group at the beginning of 1991 and to introduce formally the current membership of the Group;
2. to hold consultations with the experts from member States and intergovernmental organizations (IGO) and with representatives of the United Nations system attending the meeting.
3. to identify in collaboration with the MULPOC secretariat, an initial set of advisory services in which the Group would address priority problems of development at national at subregional levels.

Background

The Yaounde MULPOC is the ECA's branch in the Central African subregion of seven countries namely Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, Sao Tome and Principe. The subregion has a total area of about 3 million square kilometres and a population of about 24 millions. The MULPOC offers technical assistance to member States and the intergovernmental organizations in the subregion, to enhance and reinforce cooperation and economic integration for development. The MULPOC also assists in so far as its staff resources permit, member States and IGO's at their request, with advisory services in the formulation and implementation at the overall and at sectoral levels of country and/or subregion specific policies, programmes and projects that enhance endogenous development as called for

in the Lagos Plan of Action (LPA), and in the African Alternative Framework to Structural Adjustment Programmes (AAF-SAP).

The Intergovernmental Committee of Experts meets biennially to review the MULPOC's performance of its programme in the biennium just ending and to set the programme for the following biennium

The EMRAG provides advisory services on request to member States and IGO's. The Group's composition at the start of 1991 permits provision of services covering the study and formulation of flexible coherent solutions to development problems in the African region and particularly those arising from external debt, the social and human aspects of orthodox structural adjustment programmes, commodity trade, the energy and the food crises, environmental degradation, inadequacy of management and technical skills and inefficacy of economic cooperation and integration efforts and mechanisms at subregional and regional levels.

EMRAG services would primarily aim at enhancing the pace and quality of development through multidisciplinary advisory services seeking to pragmatically operationalise policies and strategies embodied in Africa's agenda and priorities for development. Particular attention would be devoted in EMRAG services to options open to member States for enhancing the attainment of development objectives by operationalizing subregional and regional approaches advocated in LPA, and AAF-SAP.

In providing multidisciplinary advisory services on request, the ECA draws not only on the expertise of the members of EMRAG, but also on the expertise in the substantive divisions in which are engaged a total of some three hundred professionals with extensive first-hand knowledge and experience in African development problems.

Economic and social condition in the subregion in 1990

The MULPOC secretariat indepth study of economic and social conditions in the subregion (document ECA/MULPOC/YAO/CE/XII/SURV) extensively excerpted hereunder reviews economic and social conditions as a whole and progress to date in implementing policies adopted for economic cooperation and integration to enhance development in the subregion.

Economic growth in the subregion continued to be weak in 1990. This is attributed to the devastating effects of the slump in the international prices of the subregion's principal export commodities namely cacao, coffee and cotton. Both the export receipts from and the prices paid to producers of these commodities suffered significant declines.

The principal macro-economic indicators of the conditions of production facilities and infrastructures and of social conditions continued to decline markedly in the subregion even as orthodox structural adjustment programmes were being pursued in the countries. There was a strong resurgence of poverty and widening of income disparities. Income per capita continued to decline as in the preceding years at 1.7 percent per year.

Annual investment which at the end of the 1970's had attained a level of 24.5 percent of GDP had sunk by 1989 to 15.5 percent a level barely adequate to compensate for depreciation and the current shrinkage of capital flows.

Confronted with persistent declines of commodity prices, the countries of the subregion had to borrow heavily in order to cover external current account deficits. Indebtedness which hardly existed in previous decades grew rapidly in the 1980's to become a serious impediment to development. The imbalance triggered in the 1980's by the steep rises in interest rates combined with worsening terms of trade, led to regression in real incomes. The counties sought to counteract this by strongly suppressing consumption and by reducing public expenditure. Draconic measures were applied in the countries most heavily dependent on export of commodities, in order to continue to meet onerous external debt service obligations.

The development environment that prevailed through much of the 1980's up to the end, exerted strong adverse effects on the growth of several economies in the subregion. These effects were induced by a combination of exogenous and endogenous factors.

The exogenous factors include precipitous fall in the prices of export commodities on the international market, the growth of public debts, a sharp drop in the value of the US dollar alongside a substantial contraction in financial flows to developing countries. The major endogenous factors are, gross inadequacy of public sector resources for the macro-economic development framework and chronic deficit of public sector enterprises.

These factors combined to induce a slow down in GDP growth, and deterioration in the terms of trade due to a sharp drop in the value of exports, with adverse impacts on government revenues, household and enterprise incomes and on liquidity in the banking system.

Faced with deterioration of national economies, governments judged it essential to attempt to reorientate development through rationalisation of the mobilisation of resources, structural economic and financial adjustment programmes and economic revitalization strategies. These efforts appear to have arrested in the majority of the countries, deterioration in the current account deficit to a point where the ratio of the current account deficit to GDP has become relatively lower. In most cases this was achieved only at the cost of reducing imports. That however has meant reduction of government revenues from customs duties which in turn has aggravated the budgetary imbalance.

For the three oil exporting countries in the subregion optimistic economic projection in 1989/90 did not materialize because of the continued depreciation of the dollar that could not be compensated by the modest rise in oil prices.

The structural adjustment programmes which the countries of the subregion adopted to promote macro-economic equilibrium entailed in most cases heavy social costs because:

- the adjustment measures envisage balancing supply and demand by compressing consumption;
- the difficulties and slow pace with which available resources generate new jobs in response to price changes aggravate social problems triggering serious political and social problems.

If financial adjustment through cutbacks of public expenditures is deemed desirable, the pursuit of adjustment policies in the coming years should promote growth. But a process of adjustment aimed solely at establishing financial equilibrium is of no merit if it does not in the long run contribute to a rise in the general standard of living.

Sectoral and other topics

The MULPOC secretariat also presented, to the intergovernmental committee of experts, for consideration, discussion and information various sectoral and other studies, reports and information notes of subregional interest and relevance. The presentations dealt with the following themes:

- food and agriculture including food security, forestry and fuelwood, intra-regional trade in food products as well as the likely impact of liberalisation of trade in foodstuffs;
- industry, including industrial integration, agro-industries and technologies;
- transport and communications;
- technical publications on production and distribution of agricultural machinery and materials, on the setting up of the CARIS directory and of a data bank on subregional trade;
- ECA advisory services rendered in PADIS and in statistics;
- promotion and strengthening of subregional cooperation and economic integration including reorganisation of the MULPOC and multi-sectoral assistance to UDEAC and ECCAS;
- the MULPOC's performance of its work programme for 1990-1991;
- the MULPOC's programme of work proposed for 1991-1993;

Many of the presentations contain the detailed substantive data on which the MULPOC secretariat based its comprehensive study of the economic and social conditions in 1990 in the subregion. This is particularly the case in regard to food and agriculture, industry, transport and in regard to subregional cooperation and integration topics.

Problems in Key Economic Sectors

Agriculture

Despite instability induced by rampant economic crisis, food production in 1990 has sufficed to maintain food security and sufficiency in the subregion as a whole. The sector still continues to earn substantial foreign exchange even though output volumes have declined because of persistent deterioration of international prices of the principal agricultural export commodities cacao, coffee and cotton.

Urban diets are tending to change away from the subregion's traditional staple foods such as roots, tubers and cereals in which the subregion has been self sufficient to date, towards imported food stuffs and especially to wheat. This may discourage production of traditional staples, inducing import dependence that in the long run could pose a serious threat to sustaining food security and self sufficiency in the subregion. Unless agricultural productivity is raised rapidly to compensate for it, the rural exodus due to accelerated impoverishment of the countryside could, lead to the rate of growth of food production falling below that of population growth. This would exert severe inflationary pressures on food prices.

Production trends of the principal agricultural export commodities in the 1989/90 farming season varied from country to country; cacao output in Cameroon fell slightly while coffee and cotton production rose about 50 percent. In the CAR, coffee output fell by 50 percent but cotton output decreased only slightly as it did also in Chad. The economic recession had a negative impact on forestry output. The liquidity problem confronting forestry enterprises has been worsened by greater international competition and a decline in internal demand.

Extractive industry

During 1990 the extractive industry sector in the subregion has benefited generally from increased oil output in Gabon and Congo. But manganese, uranium and uncut diamond production have diminished somewhat.

Manufacturing Industry

A feeble secondary sector is one of the characteristics of economies in the subregion. The manufacturing sector produce non-durable consumer goods which require no more than simple transformations in industrial establishments. The comparatively large size and low capacity utilization factors of most establishments however militate against capture of potential benefits of economies of scale. On the whole industrial production stagnated in the subregion in 1990. Various indices show that:

- the industrial work force contracted, due to the unabating economic crises and competition from the informal sector;
- a fall from 1989 levels consumption of electricity in manufacturing industry;
- pretax turnover dropped from the 1989 levels in all industrial sub-sectors including the food industries which had maintained steady levels in previous years.

Energy

Energy supply suffered due to the further slowing down of industrial activities countries in 1990 with substantial loss of sales revenue of enterprises in the energy sector as a consequence.

Transport

The various sub-sectors of transport experienced contrasting development in the year. Port activities continue to be buoyed by substantial growth of oil output volumes in the Congo and in Gabon. Rail transport also developed positively due to a rise in passenger volumes and steady volumes of freight transported. But because of greatly increased costs of construction and substantial rises in operating costs of rail transport, management is facing serious problems which have led it to adopt drastic measures that have been opposed by trade unions. Road transport especially along the main transit routes across frontiers and in the land locked countries is experiencing persisting stagnation when not in decline brought about by the slowing down of imports due to economic crises.

Commerce

Domestic trade in the subregion was affected by inflation rates that varied from 1 to 15 percent among the countries. It is worthy of note that in the subregion as a whole, there was in practically all sectors a strong growth in contraband imports in 1990. As a result legally registered and operating enterprises lost business and customs duty receipts of the States fell significantly. Measures adopted against fraudulent enterprises in certain countries have had no remedial effect. On the contrary, control measures instituted in Cameroon for example, have not yielded the amelioration of revenues hoped for; rather the measures have further accentuated the penalties legally operating business suffer with delays and added costs.

Subregional economic cooperation and integration

Three separate institutions serve economic cooperation and integration objectives in the Yaounde MULPOC subregion, namely:

- The MULPOC

- ECCAS (Economic Community of Central African States)
- UDEAC (Union Douaniere des Etats de l'Afrique Central)

These institutions have inter-locking membership and in the case of the latter two, mandates that overlap extensively as is seen below in the examination of the ECCAS and UDEAC treaties.

The Yaounde MULPOC

The Yaounde MULPOC was established by the United Nations Economic Commission for Africa, pursuant to Resolution 311 (XIII) of the ECA Conference of Ministers and Resolution 36/178 adopted by the General Assembly of the United Nations in December 1981. Its principal purpose is to provide member States with technical assistance necessary to reinforce cooperation and economic integration for development in its sector of the Central African subregion.

The seven member States in the Yaounde MULPOC subregion Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon and Sao Tome and Principe have a combined area of 3.025 million square kilometre and a total population of about 24 millions.

The MULPOC collaborates closely with the governments and IGOs such as ECCAS, UDEAC, their subregional development banks BDEAC and BEAC etc. It also collaborates with the specialized agencies and organizations of the United Nations as well as with other entities in the service of national and subregional development in its subregion.

The MULPOC coordinates and supports ECA activities in the subregion and serves as the focal point for projects executed by the ECA with funding by the UNDP and/or other development cooperation and assistance agencies.

ECCAS

ECCAS was established in 1983 by the eleven States including the MULPOC seven together with Angola, Burundi, Rwanda and Zaire. The last three states are members of the Gisenyi MULPOC. The principal objectives of ECCAS are the enhanced satisfaction of essential needs of the population and reduction of external dependence through promotion of collective self-reliance in economic development in the subregion. ECCAS is headquartered in Libreville, Gabon and the BDEAC (Banque pour le Developement des Etat de l'Afrique Central) set up by the UDEAC states has its headquarters in Brazaville.

UDEAC

UDEAC was founded in 1964 by all the member States in Yaounde MULPOC except Sao Tome and Principe. Its main objective is to raise the standards of living of the population through strengthening subregional solidarity, creation of a common market and the elimination of customs barriers. In pursuit of these objective the member States commit themselves to implement the UDEAC treaty provisions on common customs policies, harmonisation of fiscal regimes and of national investment codes and on coordination of transportation policies and plans and of industrialisation policies. UDEAC is headquartered in Bangui, CAR and the Banque des Etats de l'Afrique Central (BEAC) established by the UDEAC States is headquartered in Yaounde.

ECCAS treaty objectives

For the attainment of Community objectives the ECCAS member States have resolved to pursue multi-sectoral and multiple forms of cooperation. The ECCAS treaty accords highest priority among these to trade liberalisation and to industrial cooperation. Trade liberalisation, the ECCAS States have agreed, is to be approached in stages over a transition period during which a customs union would eliminate among member States, customs duties, trade restrictions and

prohibitions, non-tariff barriers and adopt common customs tariffs on imports from outside the Community.

In industrial cooperation, the principal strategy element is to be the creation of multinational industries based mainly on indigenous resource inputs in order to stimulate an economic development process geared towards sufficiency and collective self-reliance. The priority sub-sectors chosen are basic industries such as iron and steel, capital goods and equipment, chemical products such as fertilizers, chemicals, pesticides and petrochemicals.

UDEAC treaty objectives

The UDEAC policy resolutions adopted for the attainment of its objectives in the subregion, encompass harmonisation of national fiscal and investment policies of member States and coordination of transport and of industrialisation policies and plans. Of particular interest among these are the policy on common customs tariffs and the subregional industrialisation policy.

The UDEAC convention provides for application of uniform customs tariff on the imports of any member States from third countries; unhindered circulation free of all entry duties and taxes for raw materials products originating in member States, special unitary preferential customs tariffs and taxes applicable on imports into any member States of industrial products not originating within the Union and; study in the member States, into means of progressively abandoning restrictive commercial practices between them.

The three pillars of the UDEAC industrialisation policy are harmonisation of industrial policies, the sharing of risks in common, and coordination of industrial sector development plans. The plans would aim at promoting industrial growth, industrial specialisation and diversification, optimal utilization of available resources and of inputs to raise productivity and to capture the benefits of economies of scale, equitable sharing of benefits and a balanced development of industry throughout the subregion.

Status of cooperation under the ECCAS and UDEAC treaties

A glaring gap is evident between the ratified provisions of both treaties and success in their implementation to date, as measured in terms of: the aggregate volume and value of trade within community and the shares of intra-community trade in the overall trade of each member State, as well as the co-efficients of intra-community trade.

Trade among community members States although it has advanced strongly, still constitutes only a small proportion of the overall foreign trade of each member State. This tendency is likely to persist not only because of the similarity of major produce in the member States but also due to their low competitiveness with products from outside the Community. Furthermore, data for the period 1975-1981 show that intra-community trade is dominated by Cameroon and Gabon which accounted for 35.2 and 52.6 of percent intra-UDEAC exports and 36.5 and 20.2 percent of imports. These two states therefore each accounted for an average 72 percent share of intra-UDEAC trade flows and also dominated export in specific products.

The above clearly indicates a failure in implementing existing Community policies intended to serve subregional cooperation.

Reasons of failure of cooperation

One of the two fundamental causes for non-implementation of the common policies adopted by treaty arises from the quasi-natural conflict member States perceive common policies and current national policies. The second cause is inherent in the multiplicity of organisations set up for subregional cooperation.

As regards UDEAC, the problem stems from (1) the failure of member States to abide by treaty article 33 on free circulation of import products and (2) the proliferation of supplementary duties and taxes. Each State strives not only to protect its domestic products from

foreign competition by even going as far as imposing duties and taxes on the entry of similar products from other UDEAC States.

As regards the common industrialisation policy, none of the strategies that the ECCAS Secretariat has sought to apply have yielded the expected results. Industrialisation policy has evolved in a fatal direction with member States ready to make all concessions to current national policy even at the risk of imperiling the continued existence of the treaty. Community-wide programming of investments in industry has been impeded by the disparities between national investment codes and by the difficulties of defining criteria for equitable geographic distribution of projects. This criteria problem has emerged as the central and even the determining factor in the conflict between common policies and national ones in subregional cooperation.

Institutional rationalisation

The rationalisation of the institutions for subregional cooperation would be aimed to facilitate implementation of Community policies member States have adopted, with improved coordination of the activities of the existing institutions. Two characteristics of ECCAS and UDEAC contributing to their inefficacy at present are: (1) each has a multi-sectoral mandate and activities duplicate and in some cases even contradict and (2) the very existence of the institutions is precarious as member States also belong to other organisations and often do not manage to budget for all their membership contributions to each organisation.

ECCAS was established out of concern to rationalise institutional arrangements of the IGOs set up for economic integration of the subregion. The LPA calls for a single economic community in each African subregion that constitutes a viable economic space. In these circumstances the UDEAC ought to be endowed with only a specific mandate sharply focused to be complementary to the overall economic integration policy entrusted to the umbrella subregional organisation ECCAS.

At present rationalisation is still obstructed by problems, as cooperation between the two organisations is still in its initial stages even though ECCAS has existed since 1983. The UDEAC secretariat participates in all meetings convened by the ECCAS secretariat. For its part, however ECCAS takes part only in the meetings of the UDEAC Executive Committee meetings and in the meetings of the UDEAC Heads of States. UDEAC has hosted ECCAS missions between ECCAS and CEPGL.

In order to eliminate wasteful duplication in the activities of UDEAC and ECCAS, the ECA would propose to clearly redefine their functional inter-relationship. ECCAS would be entrusted with the broad guidelines of development. These would then provide the basis for sectoral framework plans in which complementary and/or joint priority projects would be elaborated under the auspices of UDEAC as a multi-sectoral organisation collaborating with national sectoral institutions concerned.

The economic crisis and prospects for subregional cooperation

During the course of the decade just ended The subregion was strongly affected by the global economic crisis that persisted through out the 1980s. No doubt the individual countries suffered differently but the nature of the crisis was the same in all. The petroleum producing countries in particular had a flourishing economy that subsequently declined generating heavy external debt.

The disparity of the impact in the States of the subregion, of structural adjustment programmes accentuates the conflict between the common subregional policies and current national policies. As well, the coordination between national policies appears to be more difficult given the differing degrees of indebtedness. It appears that debt is the crucial problem which needs to be resolved for effective cooperation within UDEAC and/or ECCAS and even for the survival of these institutions.

Development prospects for 1991

A prognosis of economic and social conditions to be expected in 1991 in the subregion is a difficult exercise that must be approached with extreme caution in view of political developments imminent in a number of countries. On the one hand it is too early to have a clear idea of the situation that will confront decision making in specific economic entities and the expectations that will determine their respective choice of strategy. The uncertainty is heightened by the conflicting perception of risks that the various economic actors take into account in their decision making. This often restrains initiative and induces a wait and see attitude. On the other hand the satisfaction of a number of social expectations in several countries would have ambivalent effects. In the very short term it would above all impose additional expenditure burdens on public finance and raise operating costs of enterprises the profitability of which is already precarious. At the same time it is incompatible with a reduction in the level of unemployment.

Steady and sustainable economic growth in the subregion would require:

- truly popular consensus on social and economic development policies;
- growth in the volume of investible resources and substantial improvements in efficacy of resource allocation and utilisation.
- formulation and pursuit of effective policies for raising capital from internal and external sources;
- the possibility of financing the social costs of structural adjustment programmes advocated. Furthermore, it is essential that economic transformations are conceived within a framework of subregional economic integration as this is indispensable for success in pursuit of a policy of growth with development.

Discussion of the Committee

The secretariat study of economic and social conditions in 1990 in the subregion was extensively discussed by the meeting. The experts noted among other things, that the study merited high regard as it examined the solutions to the economic crises which are being espoused by a number of international donor agencies. The Committee deemed that such examination would expand the approach to, and facilitate thorough sub-regional reflection on possible solutions of specific priority problems and issues identified in the study. Thus the measure proposed for stabilisation of the financial sector in the subregion through the mechanism of a Banking Commission may on the face of it seem appropriate. Seen in the context of the structural adjustment programmes being promoted in the subregion by the World Bank however, the measure would lead inevitably to differentiation, diversification and proliferation of customs duties and to monetary compression through high interest rates. Such consequences would not be conducive to enhancement of subregional cooperation. Nor would these consequences improve, survival and development prospects in the countries of the subregion. The Committee noted that it would not suffice to merely note with concern such impediments to subregional cooperation. It is necessary to thoroughly research the causative factors and to propose the introduction of solutions.

Introduction of the Multidisciplinary Regional Advisory Group

A representative of the Coordinator of EMRAG succinctly presented to the meeting of the intergovernmental committee of experts of the Yaounde MULPOC, the *raison d'être* of the multidisciplinary regional advisory services launched by the Economic Commission for Africa at the beginning of 1991. Appraisal of past development efforts pursued within a largely national and sectoral perspectives and of the rapidly evolving development environment had heightened the urgent challenge in Africa of reorienting to holistic, multidisciplinary and subregional and regional development policies, strategies and programmes.